

## **Statewide Cost of Family Care**

When the estimated eventual cost of Family Care expansion statewide is compared with revenues currently available to support Medicaid eligible individuals with long-term care needs, the expansion can be shown to be essentially budget neutral.

To estimate the cost of a mature Family Care program statewide, we make several assumptions:

- The benefit package in the expanded program is the same as the current Family Care program's package. Family Care combines all long-term care services into one flexible benefit package and requires the CMO to coordinate services with the member's acute and primary care provider. The Department also supports the expansion of Partnership and other strategies to bring acute and primary care under the management of a CMO, which may produce larger cost-efficiencies than shown here.
- The same level of cost-effectiveness achieved by the current five CMOs can be achieved statewide. The independent assessment completed by APS Healthcare found that Family Care saved \$452 per member per month in 2003 and 2004. The Family Care rate setting methodology, used to estimate the cost per person of Family Care statewide, incorporates these savings.
- The number of individuals who will eventually enroll in statewide Family Care can be projected based on the experience of enrollments in the pilot counties.

Using these assumptions, the estimated cost of Family Care can be determined in three steps: 1) estimate the number of people who will enroll, 2) estimate the total cost to Medicaid of these enrollees, and 3) determine the revenue already available to support the needs of these individuals.

### **Estimated number of enrollees.**

In any given month, there are currently about 10,000 enrollees in Family Care. The Family Care counties include about 20 percent of the state population. Therefore, we project that at full implementation about 50,000 people might be enrolled, or 40,000 more than currently. Not everyone is enrolled for a full 12 months each year, so our experience tells us that about 43,600 more people are likely to be served by a mature Family Care program each year.

Supporting our estimate of a potential statewide Family Care population is the Family Care Comparison Group identified by APS Healthcare for the most recent Family Care Independent Assessment. APS identified 38,027 MA eligible individuals not enrolled in Family Care but with long-term care needs similar to Family Care members' needs.

Our Family Care experience shows that these people are likely to be from four groups. First, participants in the current home and community-based waiver programs are expected to enroll. When Family Care was implemented in the pilot counties, the Community Options and Community Integration Programs were eliminated. Anyone who wanted to receive waiver services could receive them by enrolling in Family Care. About 91 percent of current waiver participants enrolled in Family Care. In this estimate, it is assumed that Family Care is better understood by potential enrollees and therefore 95 percent of waiver participants will enroll. That would be about 20,000 individuals. Of the remaining 5 percent, 87 percent will remain on the Medicaid card and receive card services such as personal care. These card costs have also been projected in this estimate.

Second, many of the 11,500 people on current waitlists will enroll, but others who are currently supported by Medicaid in the community, but who have unmet long-term care needs, will also be eligible for additional services and enroll in Family Care. Based on our Family Care experience, we estimate that 20,000 people who are already in the Medicaid program, many on waitlists for waiver services, will enroll. It is important to note that costs for current Medicaid eligibles are already incurred, so their enrollment in Family Care does not require a full, new capitation payment to meet their needs.

Third, people choosing to relocate from nursing homes under the Governor's Community Relocation Initiative will be added to the current number of waiver participants, so the expected number of relocations that will occur in non-Family Care counties in this biennium -1,100 - is included.

Fourth, some people who will enroll in Family Care would not have enrolled in Medicaid if Family Care did not exist. These would represent the "woodwork" effect. We compared growth in the elderly and disabled Medicaid population (eligibility groups SSI, SSI-related or waiver) in Family Care pilot counties to counties of similar size. This comparison indicates that elderly and disabled Medicaid enrollment increased 1.8% more in the pilot counties than in the non-Family Care counties. Based on current elderly and disabled Medicaid enrollment, this would indicate we could expect about 2,500 additional Family Care enrollees from people currently not in Medicaid.

#### **Expected Additional Enrollees**

Current Waiver Participants	20,000
Community MA recipients with LTC needs, including waitlist individuals	20,000
Relocations from nursing homes	1,100
New to MA because of FC	2,500
Total	43,600

### **Estimated cost of new enrollees.**

We estimated the long-term care costs of these groups by using the Family Care capitation rate-setting methodology. That methodology is driven off the costs actually incurred by CMOs for current Family Care enrollees. Because it is based on cost, it already reflects the savings produced by Family Care in the pilot counties.

The other key element of the methodology is that it uses information on each client from the Long-Term Care Function Screen to reflect the acuity level and its associated costs for each client. We have LTC Functional Screen information for all waiver participants so we can use the model to calculate their costs. We also have functional screens for about 40 percent of the people on the current waitlist and we used those as a proxy for the other groups to calculate a rate for each of them.

The expansion population will also incur costs for acute and primary care paid by their Medicaid card. We used the average primary and acute costs for current Family Care members to represent these costs, assuming a mature program would incur the same cost for these services as Family Care has achieved.

There is an adjustment in the current Family Care rate setting methodology that reflects some of the regional health care cost variations that exist across the state. This estimate includes a range of potential costs that would result from these regional variations. If most areas resemble Milwaukee County costs are relatively higher, while if most resemble La Crosse County, costs are relatively lower.

#### **Cost in Millions**

<b>Expected Enrollees</b>	<b>All Funds</b>	<b>GPR</b>
Waiver Recipients	\$656 - \$666	\$277 - \$281
Community MA	\$476 - \$486	\$201 - \$205
Nursing Home Relocations	\$33 - \$35	\$14 - \$15
New to MA Because of FC	\$56 - \$58	\$23 - \$24
 Total Costs	 \$1,222 - \$1,245	 \$515 - \$525

### **Estimated Revenue Available**

Revenue from four sources is already available to offset those costs. First, the funds now committed to the waiver and COP programs will follow those people as they enroll in Family Care. Second, the Medicaid card funding currently used for non-waiver services for three of the groups we expect to enroll would continue to be available for their needs.

Third, when Family Care began we worked with the pilot counties to determine that an average of 22 percent of their available Community Aids funding was used to support long-term care costs. Those funds were taken out of the Community Aids allocation for those counties and included in Family Care funding. We assumed these funds would continue to be committed to people with long-term care needs in Family Care.

Finally, counties spend a considerable amount of county property tax levy on long-term support programs. In a 2004 survey, counties reported spending \$78 million on the long-term supports needs of elders and adults with disabilities. We assumed this amount, but no more, would continue to be committed to support these people with long-term care needs in Family Care.

#### **Revenue in Millions**

<b>Revenue Source</b>	<b>All Funds</b>	<b>GPR/County</b>
MA non-Waiver Revenue:	\$561	\$237
Waiver / COP Funding:	\$381	\$161
Community Aids:	\$112	\$47
County Levy:	\$186	\$78
 Total Revenue	 \$1,240	 \$523

In summary, we estimated the total costs of 43,600 additional enrollees in Family Care would be \$1.2 billion, all funds, or somewhere between \$515 and \$525 million GPR. Revenues currently available total about \$1.2 billion, all funds, or about \$523 million GPR/county. Therefore, the projected net cost/savings of Family Care statewide ranges between a cost of \$2 million and a savings of \$8 million GPR.

#### **Net Cost in Millions: Budget Neutral**

	<b>AF (millions)</b>	<b>GPR (millions)</b>
Total Costs	\$1,222 - \$1,245	\$515 - \$525
Total Revenue	(\$1,240)	(\$523)
 Total Net Costs/(Savings)	 \$5 – (\$18)	 \$2 – (\$8)

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